

AMENDED IN SENATE JULY 17, 1997
AMENDED IN SENATE JUNE 23, 1997
AMENDED IN ASSEMBLY APRIL 17, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1399

Introduced by Assembly Member Cardenas

February 28, 1997

An act to amend, *repeal, and add* Section 12741 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1399, as amended, Cardenas. Insurance: home protection contracts.

Under existing law, provisions governing home protection contracts do not apply to certain performance guarantees or service-~~contacts~~ *contracts* given by the builder of a home or for repairs or service of a home appliance or other system or component, under specified circumstances.

This bill would provide that the provisions governing home protection contracts also do not apply to a ~~home electrical, or telephone wiring, system or component repair or maintenance program~~ *repair or maintenance program for a home electrical system, or a component of such a wiring system, where the program is offered by a person or affiliate of a person whose business is regulated by the Public Utilities Commission provided that any such repair or maintenance*

program is related to a service provided by the person or affiliate of the person.

These provisions would remain in effect until January 1, 2004, when they would be repealed.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *It is the intent of the Legislature that a*
2 *repair or maintenance program for a home electrical*
3 *system or a component of a wiring system given by a*
4 *person or affiliate of a person regulated by the Public*
5 *Utilities Commission not be subject to Part 7*
6 *(commencing with Section 12740) of Division 2 of the*
7 *Insurance Code if a parent or affiliate company of the*
8 *person offering the contract guarantees the obligations of*
9 *the repair or maintenance program. The company*
10 *offering the program shall designate the company that*
11 *will act as the guarantor of the program.*

12 SEC. 2. Section 12741 of the Insurance Code is
13 amended to read:

14 12741. This part does not apply to:

15 (a) Performance guarantees or service contracts
16 given by either the builder of a home or the manufacturer
17 or seller of an appliance or other system or component,
18 whether or not an identifiable charge is made for such
19 guarantee or service contract.

20 (b) A service contract, guarantee, or warranty
21 intending to guarantee or warrant the repairs or service
22 of a home appliance, system or component, provided the
23 service contract, guarantee or warranty is issued by a
24 person who has sold, serviced, repaired or provided
25 replacement of the appliance, system or component at
26 the time of, or prior to issuance of the contract, guarantee
27 or warranty; and, provided, further, that the person
28 issuing the service contract, guarantee, or warranty, does
29 not engage in the business of a home protection company.



(c) The provider of a pest control service agreement pursuant to Section 8516 of the Business and Professions Code.

~~(d) A home electrical, or telephone wiring, system or component repair or maintenance program offered by a person or affiliate of a person whose business is regulated by the Public Utilities Commission provided that any such repair or maintenance program is related to a service provided by the person or an affiliate of the person. Nothing in this subdivision shall exempt any person from compliance with this part with respect to any other repair or maintenance program covered by this part.~~

(d) A repair or maintenance program for a home electrical system, or a component of such a wiring system where the program is offered by a person or affiliate of a person whose business is regulated by the Public Utilities Commission, provided that the repair or maintenance program is related to a service provided by the regulated person or affiliate of the regulated person, and that the regulated person, or affiliate of the regulated person, or parent company of the regulated person acts as the guarantor of any repair or maintenance program created under this subdivision regardless of whether the service is performed by the regulated person or an affiliate.

The company offering the program shall designate the company that will act as the guarantor of the program.

(e) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

SEC. 3. Section 12741 is added to the Insurance Code, to read:

12741. This part shall not apply to:

(a) Performance guarantees or service contracts given by either the builder of a home or the manufacturer or seller of an appliance or other system or component, whether or not an identifiable charge is made for such guarantee or service contract.

(b) Any service contract, guarantee, or warranty intending to guarantee or warrant the repairs or service

1 of a home appliance, system or component, provided
2 such service contract, guarantee, or warranty is issued by
3 a person who has sold, serviced, repaired or provided
4 replacement of that appliance, system or component at
5 the time of, or prior to issuance of the contract, guarantee,
6 or warranty; and, provided, further, that the person
7 issuing the service contract, guarantee, or warranty does
8 not engage in the business of a home protection company.

9 (c) The provider of any pest control service
10 agreement pursuant to Section 8516 of the Business and
11 Professions Code.

12 (d) This section shall become operative January 1,
13 2004.

